

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

HB 97 - SB 249

February 7, 2017

SUMMARY OF BILL: Requires the Department of Education (DOE) to contract with a national nonprofit education organization to form a partnership called the Tennessee College Credit Partnership (TCCP). Requires the contracted partner to provide support for the expansion of college credit opportunities for students in Tennessee. Such support includes, but is not limited to, staffing in select schools and local education agencies (LEAs); professional development; data analysis; and reporting. Repeals the pilot program on enhanced accessibility of advanced placement (AP) and career and technical certification courses. Requires the state to pay the examination fees of college credit and career and technical certification or licensure exams.

ESTIMATED FISCAL IMPACT:

Increase State Expenditures — Exceeds \$7,044,700/Recurring

Decrease State Expenditures - \$400,000/One-Time

Other Fiscal Impact – Some portion of the industry certification or licensure examination fees may be paid to the respective state licensing boards; however, any such amounts cannot be reasonably determined.

Assumptions:

- Based on information from the DOE, the recurring increase in state expenditures to contract with a national non-profit to form the TCCP is estimated to exceed \$2,000,000. These expenditures include funding for staffing; consulting expertise; professional development; data analysis; reporting; materials development; and contract oversight and indirect costs.
- The Governor's FY17-18 Proposed Budget Document (page B-84) includes \$400,000 in non-recurring funding for the pilot program to enhance accessibility of AP and industry certification and career technical courses as set forth in Tenn. Code Ann. § 49-1-308. The repeal of the current pilot program will result in a non-recurring decrease in state expenditures of \$400,000.
- Based on information from the DOE's draft Every Student Succeeds Act (ESSA) plan (page 61), Tennessee school quality will be measured using the "Ready Graduate" accountability metric beginning in FY17-18. This metric will be based on the

HB 97 - SB 249

performance of each school, instead of the current accountability model which is based on a system-level score.

- The state’s new accountability plan under the ESSA has not yet been finalized; however it is assumed that the “Ready Graduate” indicator will result in LEAs and individual schools increasing their early postsecondary offerings as well as industry certification offerings; thus increasing the number of students utilizing each postsecondary opportunity. It is assumed that this will occur under current law beginning in FY17-18 once the draft plan is finalized and implemented.
- The provisions of the bill will result in additional exams taken by students in grades 9 through 12, over and above the increased expectations under Ready Graduate, for college credit courses, industry certification, or licensure exams as a direct result of the state paying exam fees pursuant to the provisions of this bill.
- It is assumed that the state will pay for the following exams as a result of the bill: AP exams; local dual credit end-of-course exams; International Baccalaureate; Cambridge International; and industry certification or licensure exams.
- Excluded from the analysis are the following: statewide dual credit courses because students do not currently pay an exam fee pursuant to Tenn. Code Ann. §§ 49-15-101 to 111; dual enrollment courses, as set forth in Tenn. Code Ann. § 49-4-930, because such courses do not require an exam to receive credit; and CLEP programs because such programs are not actual courses and therefore would not fall under the provisions of this bill.
- Based on data provided by the DOE, it is estimated that a minimum of 31,720 students in grades 9 through 12 will take at least one additional early postsecondary exam each year that the state will pay for as a result of the bill. Of the minimum 31,720 students taking additional tests, 15,250 are estimated to take two AP tests; 610 students are estimated to take two Cambridge International and International Baccalaureate exams; 3,050 are estimated to take two local dual credit exams; and 12,200 are estimated to take one industry certification or licensure exam. The following table identifies the cost per exam, total expenditures per test type, and total increased state expenditures.

Type of EPSO	Participating Students	Added Exams	Cost per Exam	State Expenditures
AP	15,250	2	\$93	\$2,836,500
Cambridge	610	2	\$75	\$91,500
International	610	2	\$110	\$134,200
Local DC	3,050	2	\$25	\$152,500
Industry/Cert	12,200	1	\$150	1,830,000
			Cost Increase	\$5,044,700

- The recurring increase in state expenditures relative to examination costs is estimated to exceed \$5,044,700.
- The total recurring increase in state expenditures as a result of the bill is estimated to exceed \$7,044,700 (\$5,044,700 + \$2,000,000).

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in dark ink that reads "Krista M. Lee". The signature is written in a cursive, flowing style.

Krista M. Lee, Executive Director

/maf